

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE OFFICE OF THE CONSUMER ADVOCATE WITNESS THOMPSON
(USPS/OCA-T9-1 - 8)

Pursuant to rules 25 and 26 of the Rules of Practice and procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to the Office of the Consumer Advocate witness Thompson:

USPS/OCA-T9-1 - 8.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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June 12, 2000

USPS/OCA-T9-1. Please refer to page 4, lines 5-6 of your testimony. You state that you used PRCEDIT.EXE "to zero-out residual Standard Mail (A), single piece rate costs".

- a) Why was it necessary to edit the results? What caused the residuals? Please explain fully.
- b) If the residuals were the result of rounding, please explain fully the rounding function you used in your program. Please provide an arithmetic example of how the rounding function is performed.

USPS/OCA-T9-2. Please refer to page 4, lines 10-12. Please confirm that you provided no hardcopy version of your programs and data files (or, stated otherwise, you provided only the electronic version of your programs and data files). If you do not confirm, please explain fully.

USPS/OCA-T9-3. Please refer to page 4, line 15 of your testimony. You state "[a] cross-walk for segments 1 through 20 is not needed as the cost model uses the USPS component numbering scheme." Please refer to page 6, lines 9-10 of your testimony. You state "[i]n replicating the USPS data, OCA component 21:173 (USPS component 1453) did not receive a duplicate mail volume adjustment." Please explain fully how the parenthetical explanation on page 6 is necessary if the USPS component numbering scheme is used in OCA's cost model. If the Postal Service's numbering scheme is not used, please provide the cross-walk for segments 1 through 20 described on page 4.

USPS/OCA-T9-4. Please refer to page 7, lines 1-3 of your testimony. You state "[i]n the cost model, the method of multiplying the cost reduction of (\$102,342,000) by 1.003 to allocate an additional component 35 cost reduction of \$240,173 will not produce the intended results." Are you referring to the USPS cost model or the OCA cost model? If you are referring to the USPS cost model, please provide the source you used to decide that the total amount of \$102,342,000 be multiplied by 1.003.

USPS/OCA-T9-5. Please refer to page 7, lines 16-23 of your testimony.

- a) You state "I ... determined that the intended cost reduction amount of \$32,363,000 be allocated to component 43." Why do you use the term "intended" to describe the cost reduction amount of \$32,363,000? Please explain fully.
- b) Please provide all calculations showing "[t]he cost reduction amount to be allocated to component 46 was \$27,534,000."

- c) The remaining \$64,599,000 was "allocated to the remaining segment 6 and 7 components" and this appears to be your last step. Were the three steps outlined in parts a), b) and c) discrete and sequential? Please explain fully.
- d) If your response to part c) is affirmative, is it necessary in the OCA's cost model to execute each step whenever a cost reduction change is made that involves more than a single component? Please explain fully.

USPS/OCA-T9-6. Please refer to page 8, lines 1-6 of your testimony.

- a) Please provide the source of the "cost increase of \$60,647,000" referred to at line 4.
- b) Please explain fully the relationship between the "cost reduction of \$798,000" and the "cost increase of \$60,647,000."
- c) Why does the \$798,000 cost reduction need to be "isolated" as stated at line 5? Please explain fully.
- d) Is the allocation of the "remaining \$160,000" described at lines 7-9 discrete and sequential in relation to the steps listed at lines 4-6? Why do you use the term "intended" to describe the cost reduction amount of \$32,363,000? Please explain fully.
- e) If your response to part d) is affirmative, is it necessary in the OCA's cost model to execute each step whenever a cost reduction change is made that involves more than a single component? Please explain fully.

USPS/OCA-T9-7.

- a) Please refer to Exhibit 1A that accompanies your testimony. Please confirm that the USPS Base Year amount shown in the first column for Total Costs is \$59,566,519. If you do not confirm, please explain fully.
- b) Please refer to Exhibit 1B that accompanies your testimony. Please confirm that the OCA Base Year amount shown in the first column for Total Costs is \$59,384,726. If you do not confirm, please explain fully.
- c) Please refer to Exhibit 1C that accompanies your testimony. Please confirm that the Delta USPS - OCA Base Year amount shown in the first column for Total Costs is (2). If you do not confirm, please explain fully.
- d) If subparts a) - c) are confirmed, please fully explain the differences in Total Costs in the two models.

USPS/OCA-T9-8.

- a) Please refer to Exhibit 1B that accompanies your testimony. Please confirm that the OCA With Workyr Adjustment FY 01 amount shown in the last column for Total Costs is \$67,467,418. If you do not confirm, please explain fully.
- b) Please refer to USPS witness Kashani's Workpaper, WP-j, Table A, Table 8, page 20. Please confirm that the Workyear Adjustment

FY 01 amount is for Total Costs is \$67,467,158. If you do not confirm, please explain fully.

- c) If subparts a) - b) are confirmed, please fully explain the differences in Total Costs in the two models.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



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